

LAND BOARD AGENDA ITEM

May 21, 2007

FINAL CONSIDERATION FOR THE FIVE VALLEYS LAND TRUST (FVLT) LAND EXCHANGE

PROPOSAL: Final consideration from the Board to complete a land exchange involving five parcels of trust land and four parcels of private land (owned by FVLT) in Mineral County (see attached maps).

PROPONENT: FVLT

ACRES: The state will exchange **504.46** acres of surface and mineral estate of state trust land.
Five Valleys Land Trust will exchange a total of **581.80** acres of surface estate (**530.00** acres of mineral estate).

BENEFICIARY: State Normal School:
Land disposed: 451.05 acres **Land Acquired:** 525.42 acres
Common Schools:
Land Disposed: 53.41 acres **Land Acquired:** 56.38 acres

Acres, land value and income are equitably distributed between the two beneficiaries. The parcels received in the exchange consolidate existing holdings of the individual beneficiaries.

LOCATION: Mineral County

BACKGROUND: This land exchange completes the final phase of a series of land exchanges. The Alberton Gorge Land Exchange initiated in November of 2004 between the US Forest Service, Montana Department of Fish, Wildlife and Parks, Montana Power Company and River Network with Northwestern Energy stepping in for Montana Power. FVLT is the successor to River Network.

On July 18, 2005 the Board gave unanimous preliminary approval for DNRC to proceed with the analysis of the exchange proposal (agenda item 705-7). Subsequently, on April 3, 2007 the Department held a formal public hearing on the land exchange proposal in Superior, MT. Approximately 25 people attended this hearing. Comments received generally supported the exchange. Mineral County Commissioners preferred properties that were initially considered in the exchange. These parcels were removed due to disproportionately high land value of the county proposed parcels, the increase in the amount of river frontage the state would dispose of, and wildlife values.

EXCHANGE CRITERIA ANALYSIS: Appraisal and review of the parcels illustrates the land exchange meets or exceeds all the relevant land exchange criteria, and accrues the following benefits to the beneficiaries.

1) **Equal or Greater Acreage and Value -**

Surface: DNRC would acquire 581.80 ac and dispose of 504.46 ac

Net Gain: 77.34 ac

Subsurface: DNRC would acquire 530.00 ac and dispose of 504.46 ac

Net Gain: 25.54 ac

Value: DNRC would acquire \$2,545,500 and dispose of \$2,484,000

Net Gain: \$61,500

2) **Consolidation of State Land –** DNRC would dispose of five isolated tracts ranging in size from 42 to 200 acres and would acquire four tracts that are adjacent to trust land. The Tarkio Flat and Tarkio Railroad properties would aggregate with two trust parcels to form a combined block of 1,449.75 acres.

The Freezeout Gulch and Cyr Bridge parcels are abandoned railroad beds. Acquisition of these parcels would repatriate small surface ownership in-holdings created when patented railroad rights-of-way corridors were sold through these trust parcels. DNRC already owns the mineral estate associated with the Freezeout Gulch and Cyr Bridge parcels;

3) **Access -** The state would acquire property that would perfect three road access routes to existing trust lands at Tarkio (Tarkio Exit to the north part Sec 36, Tarkio exit to the south part of Sec 36, Corner crossing of SE corner of Sec 35). Acquisition of Freezeout Gulch and Cyr Bridge parcels would remove an impediment to foot access from the Clark Fork River to adjacent trust land;

4) **Potential for Long Term Appreciation -**The potential for long term appreciation of land acquired from FVLT is greater due to the superior location (adjacent to an existing county road and consolidated with existing trust land);

5) **Equal or Greater Income –** An economic assessment indicates the lands proposed for DNRC acquisition would provide a greater net present value return over a 60 year accounting period than property proposed for disposal. The primary factor affecting this calculation is the potential harvest of timber on the Tarkio Flats parcel.

Income from land acquired by DNRC: \$241,055

Income from land disposed of by DNRC: \$119,756

Net Gain of income by DNRC: \$121,299

6) **Navigable Water –**

State trust land riverfront **acquired:** 1.67 miles

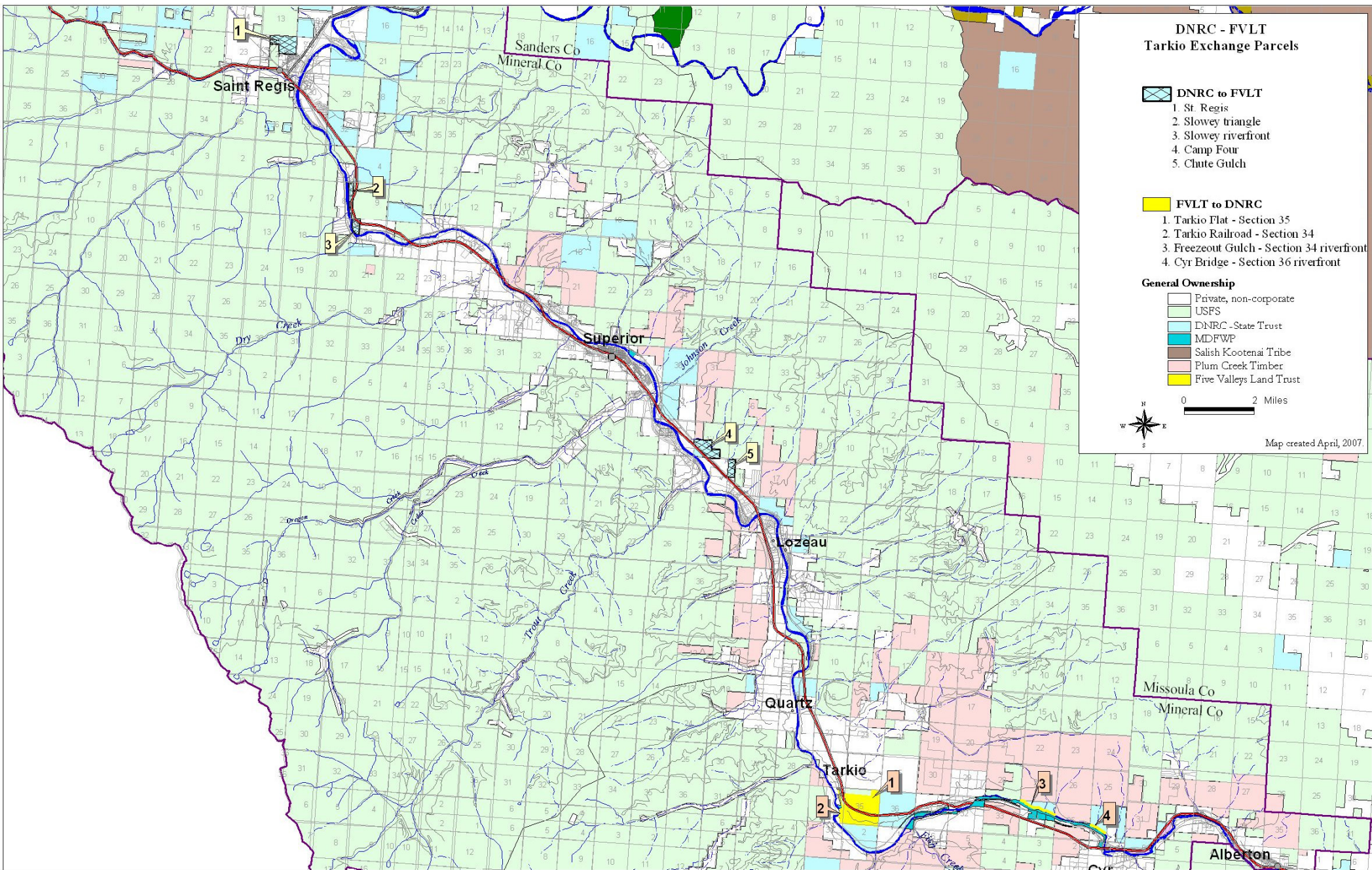
State trust land riverfront **disposed:** 0.60 miles

Net Gain of riverfront: 1.07 miles

DNRC would acquire steep high-bank Clark Fork River frontage associated with the Tarkio Railroad (.22 miles), Freezeout Gulch (1.1 miles) and Cyr Bridge (.35 miles) parcels. DNRC would dispose of low bank Clark Fork River frontage associated with the Slowey Riverfront parcel. The quantity of river frontage acquired would exceed the frontage disposed by 1.07 miles. The quality of river frontage proposed for

acquisition is inferior to that disposed due to relative public inaccessibility from the river.

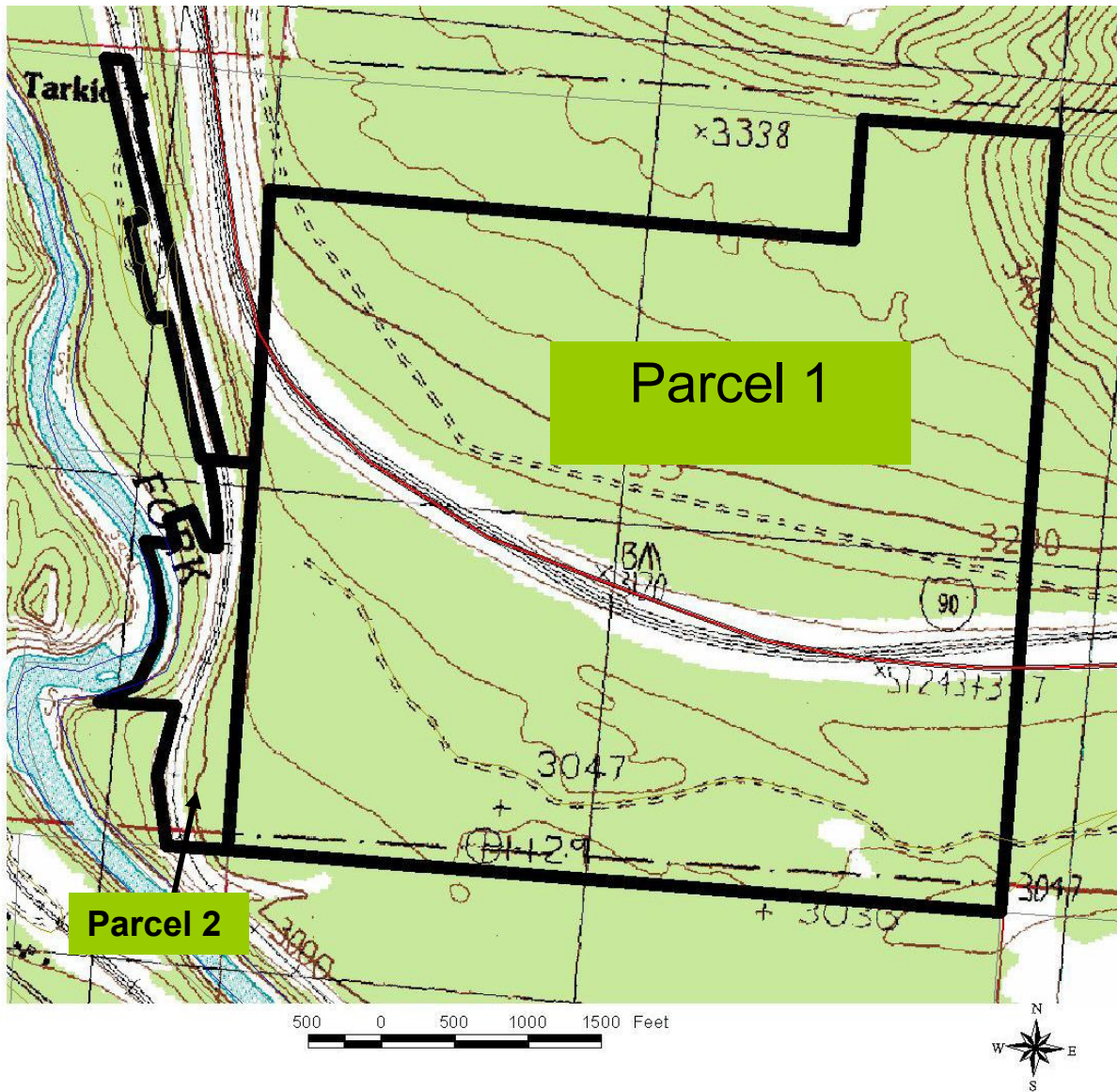
DEPARTMENT RECOMMENDATION: The land exchange meets and exceeds the land exchange criteria as described above and would be a benefit to the trust beneficiaries. The Director recommends this exchange receive final approval by the Board. If approved by the Board, DNRC and Five Valleys Land Trust will complete the necessary steps to finalize the land exchange.

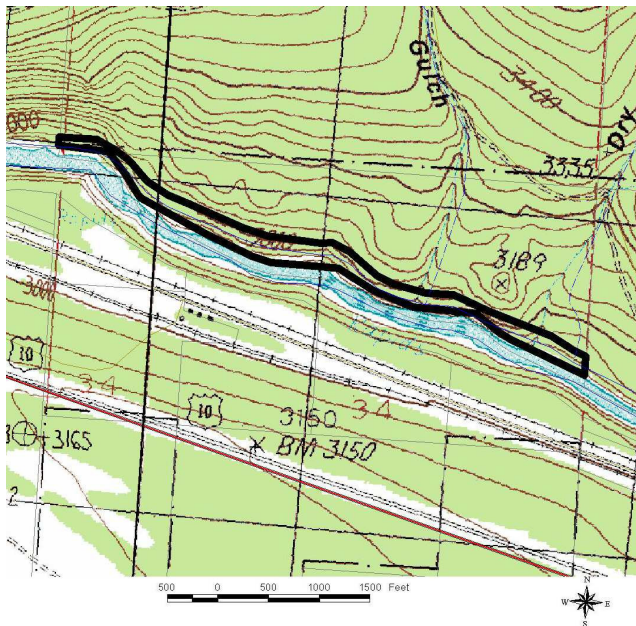


Land Exchange – FVLT to State of Montana

Parcel 1 Tarkio Flats (530 acres)

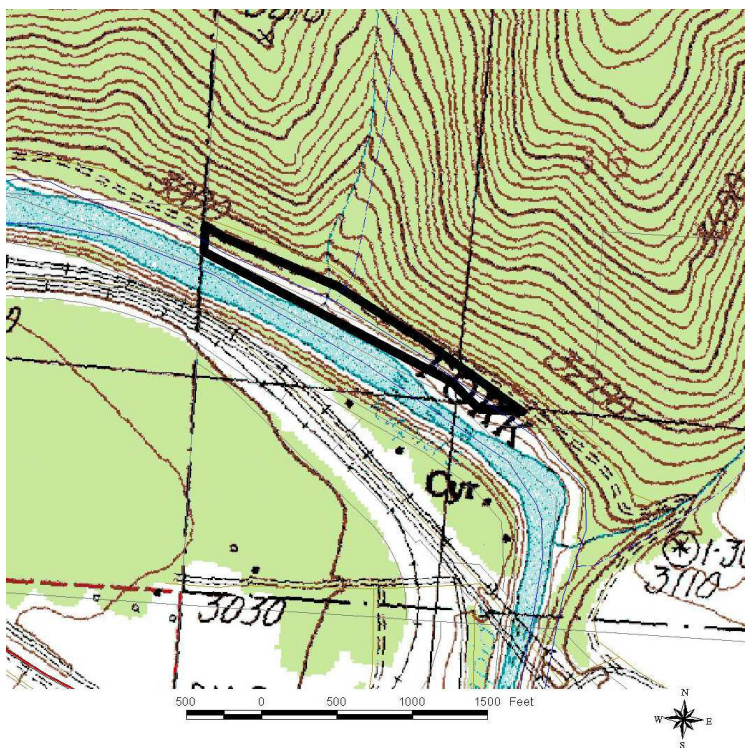
Parcel 2 Tarkio Railroad (34.40 acres)





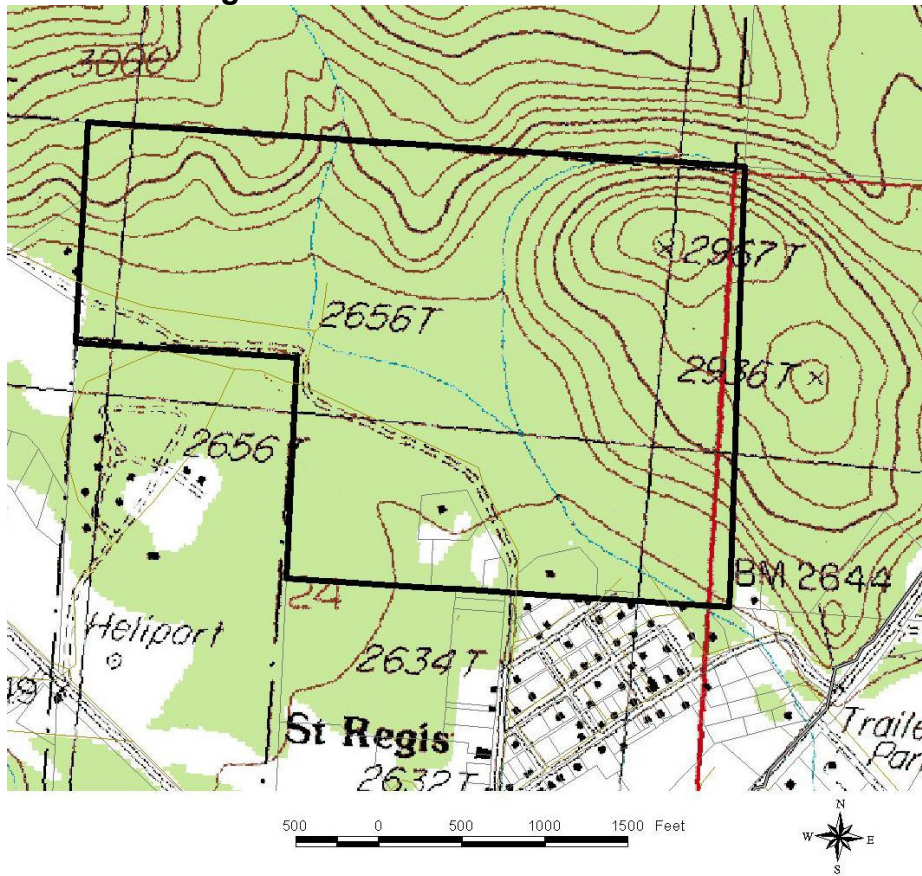
Parcel 3 Freezeout Gulch-11.02 acres

Parcel 4 Cyr Bridge—6.38 acres

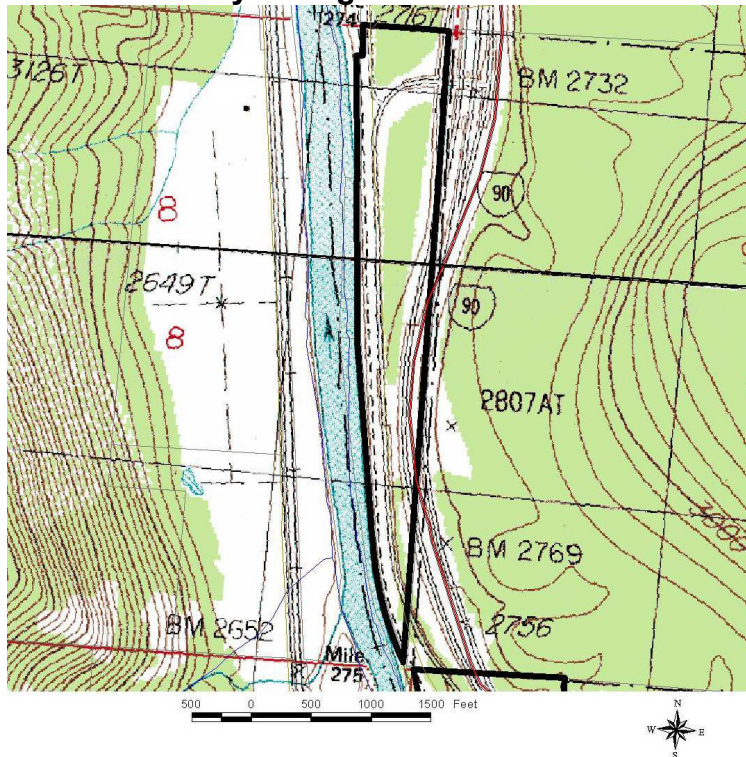


Land Exchange – State of Montana to FVLT

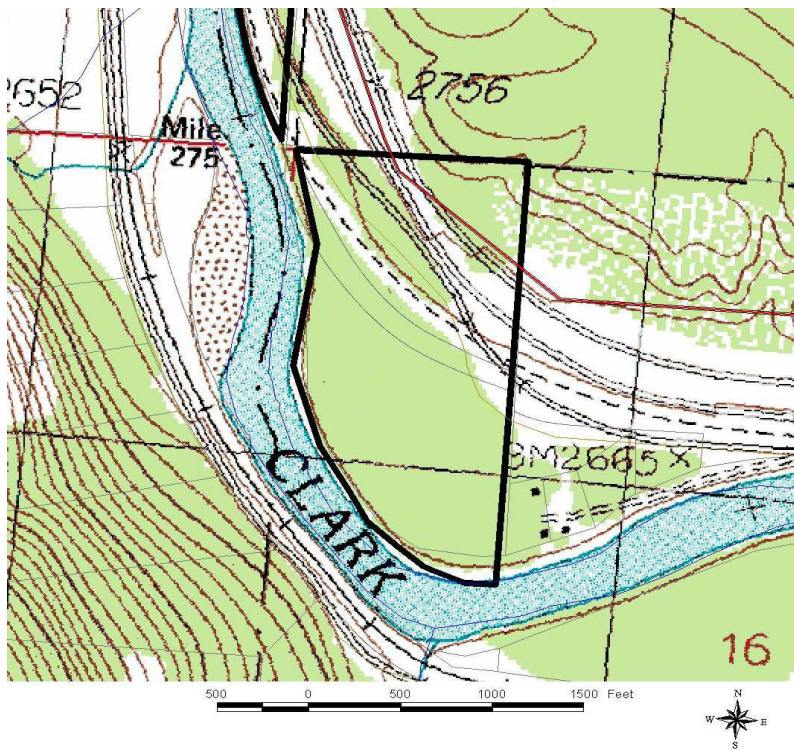
Parcel 1 St Regis –200 acres



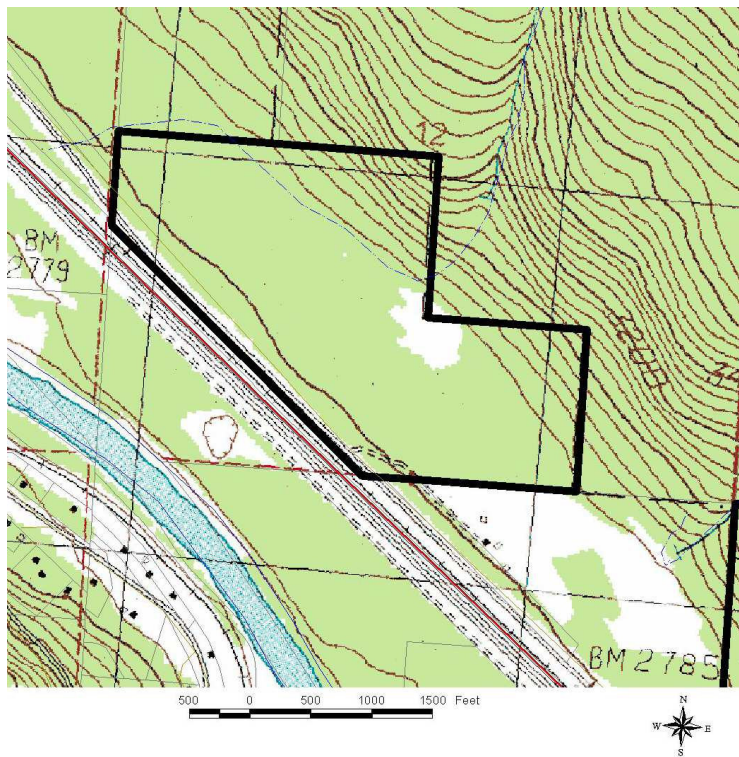
Parcel 2 Slowey Triangle –42.46 acres



Parcel 3 Slowey Riverfront – 53.41 acres



Parcel 4 Camp Four –145.78 acres



Parcel 5 Chute Gulch –62.81 acres

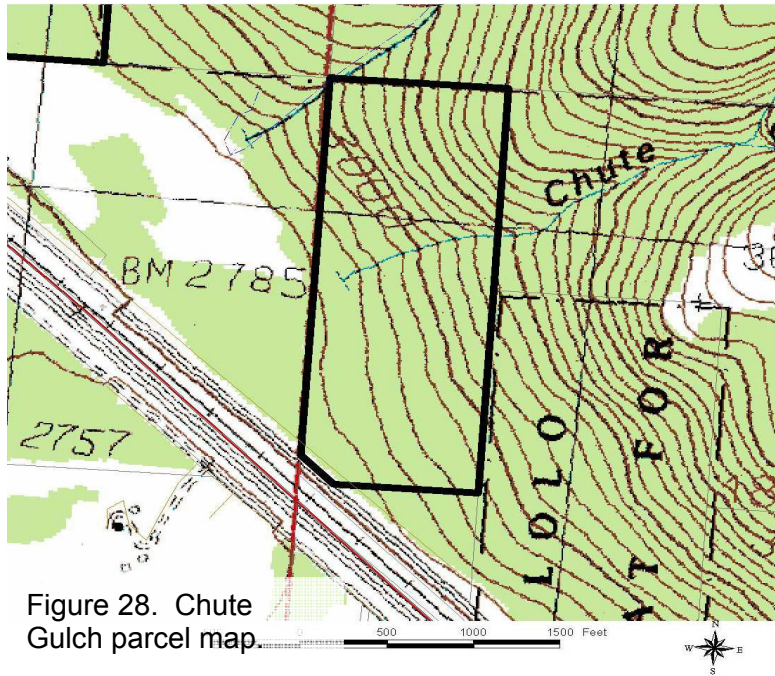


Figure 28. Chute
Gulch parcel map.